

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Hamlin Township	County Eaton
Audit Date 3/31/04	Opinion Date 5/25/04	Date Accountant Report Submitted to State: 6/10/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

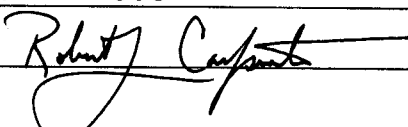
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ yes ☐ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Robertson & Carpenter CPAs, LLP			
Street Address P.O. Box 308	City Mio	State MI	ZIP 48647-0308
Accountant Signature 			

HAMLIN TOWNSHIP
EATON COUNTY, MICHIGAN
FINANCIAL STATEMENTS
MARCH 31, 2004

CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	1
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS	2
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES	3
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUND TYPES	4
NOTES TO FINANCIAL STATEMENTS	5-12
SUPPLEMENTAL INFORMATION	
GENERAL FUND:	
STATEMENT OF REVENUES - BUDGET AND ACTUAL	13
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL	14-16
SPECIAL REVENUE FUNDS:	
CEMETERY FUND - STATEMENT OF REVENUES AND OTHER FINANCING SOURCES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL	17
GENERAL FIXED ASSET GROUP OF ACCOUNTS - SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS	18
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND	19



Robert J. Carpenter, CPA
Rodney C. Robertson, CPA

ROBERTSON & CARPENTER, LLP

CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 308 • 109 E. Tenth St. • Mio, Michigan 48647

Phone (989) 826-5442 • Fax (989) 826-3038

Other office: Rose City, Michigan

INDEPENDENT AUDITOR'S REPORT

Hamlin Township Board
Eaton County
Eaton Rapids, Michigan 48827

We have audited the accompanying general purpose financial statements of Hamlin Township, Eaton County, Michigan, as of March 31, 2004 and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Hamlin Township as of March 31, 2004, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Township. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Robertson & Carpenter, LLP

May 25, 2004

HAMLIN TOWNSHIP
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
MARCH 31, 2004

	<u>GOVERNMENT FUND TYPES</u>		<u>FIDUCIARY FUND TYPE</u>
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>TAX COLLECTION FUND</u>
ASSETS			
Cash:			
Petty Cash	\$ 114	\$ -	\$ -
Checking	78,669	2,818	777
Savings	79,882	1,221	3,488
Certificates of deposit	-	9,335	-
Receivables - delinquent taxes	200	-	-
Due from other funds	4,265	-	-
Due from State of Michigan	27,028	-	-
Due from County	6,243	-	-
Deposit	-	-	-
Land and improvements	-	-	-
Buildings	-	-	-
Equipment	-	-	-
Furniture and fixtures	-	-	-
Amount to be provided for retirement of long-term debt	-	-	-
Total assets	<u>\$ 196,401</u>	<u>\$ 13,374</u>	<u>\$ 4,265</u>
LIABILITIES AND FUND EQUITY			
Liabilities			
Payroll taxes and deductions	\$ 6,729	\$ -	\$ -
Due to other funds	-	-	4,265
Deferred revenue	13,168	-	-
Installment note payable	-	-	-
Bonds payable	-	-	-
Total liabilities	<u>19,897</u>	<u>-</u>	<u>4,265</u>
Fund Equity -			
Investment in general fixed assets	-	-	-
Fund balances:			
Designated (Note 7)	28,563	-	-
Unreserved/undesignated	147,941	13,374	-
Total fund equity	<u>176,504</u>	<u>13,374</u>	<u>-</u>
Total liabilities and fund equity	<u>\$ 196,401</u>	<u>\$ 13,374</u>	<u>\$ 4,265</u>

ACCOUNT GROUPS		TOTALS	
GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	(MEMORANDUM ONLY) 3/31/04	3/31/03
\$ -	\$ -	\$ 114	\$ 130
-	-	82,264	97,379
-	-	84,591	123,749
-	-	9,335	5,333
-	-	200	54
-	-	4,265	8,841
-	-	27,028	29,204
-	-	6,243	5,678
-	-	-	-
188,512	-	188,512	188,512
345,396	-	345,396	342,896
587,218	-	587,218	538,463
7,343	-	7,343	4,774
-	173,925	173,925	225,869
\$ <u>1,128,469</u>	\$ <u>173,925</u>	\$ <u>1,516,434</u>	\$ <u>1,570,882</u>
\$ -	\$ -	\$ 6,729	\$ 6,219
-	-	4,265	8,841
-	-	13,168	8,686
-	173,925	173,925	190,037
-	-	-	35,832
<u>-</u>	<u>173,925</u>	<u>198,087</u>	<u>249,615</u>
1,128,469	-	1,128,469	1,074,645
-	-	28,563	49,391
-	-	161,315	197,231
<u>1,128,469</u>	<u>-</u>	<u>1,318,347</u>	<u>1,321,267</u>
\$ <u>1,128,469</u>	\$ <u>173,925</u>	\$ <u>1,516,434</u>	\$ <u>1,570,882</u>

See accompanying notes

HAMLIN TOWNSHIP
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED MARCH 31, 2004

	GOVERNMENTAL FUND TYPES		TOTALS (MEMORANDUM ONLY)	
	GENERAL	SPECIAL REVENUE	YEAR ENDED	
			3/31/04	3/31/03
REVENUES				
Taxes	\$ 84,005	\$ -	\$ 84,005	\$ 80,167
Licenses & permits	628	-	628	592
State grants	201,771	-	201,771	217,235
Charges for services	10,726	6,375	17,101	32,708
Interest & rentals	911	231	1,142	2,523
Other revenue	14,043	-	14,043	8,558
Total revenues	<u>312,084</u>	<u>6,606</u>	<u>318,690</u>	<u>341,783</u>
EXPENDITURES				
Current				
Legislative	37,763	-	37,763	47,216
General government	93,997	15,928	109,925	115,475
Public safety	99,187	-	99,187	87,828
Public works	11,589	-	11,589	1,444
Culture & recreation	810	-	810	3,000
Other	-	-	-	-
Capital outlay	53,824	-	53,824	236,250
Debt service				
Principal	51,944	-	51,944	36,993
Interest	10,392	-	10,392	6,813
Total expenditures	<u>359,506</u>	<u>15,928</u>	<u>375,434</u>	<u>535,019</u>
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	(47,422)	(9,322)	(56,744)	(193,236)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	10,000	10,000	20,000
Operating transfers out	<u>(10,000)</u>	<u>-</u>	<u>(10,000)</u>	<u>(20,000)</u>
Total other financing sources (uses)	<u>(10,000)</u>	<u>10,000</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER/ (UNDER) EXPENDITURES AND OTHER USES	(57,422)	678	(56,744)	(193,236)
FUND BALANCE - APRIL 1	233,926	12,696	246,622	247,050
FUND BALANCE - MARCH 31	<u>\$ 176,504</u>	<u>\$ 13,374</u>	<u>\$ 189,878</u>	<u>\$ 53,814</u>

HAMLIN TOWNSHIP
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL AND SPECIAL REVENUE FUND TYPES
FOR THE YEAR ENDED MARCH 31, 2004

	GENERAL FUND		
	BUDGET AS AMENDED	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Taxes	\$ 78,300	\$ 84,005	\$ 5,705
Licenses and permits	600	628	28
State grants	203,000	201,771	(1,229)
Charges for services	5,000	10,726	5,726
Interest and rentals	100	911	811
Other revenue	4,283	14,043	9,760
Total revenues	<u>291,283</u>	<u>312,084</u>	<u>20,801</u>
EXPENDITURES			
Current			
Legislative	45,700	37,763	7,937
General government	106,850	93,997	12,853
Public safety	116,250	99,187	17,063
Public works	12,000	11,589	411
Culture & recreation	1,000	810	190
Other	17,409	-	17,409
Capital outlay	35,075	53,824	(18,749)
Debt service			
Principal	52,000	51,944	56
Interest	12,450	10,392	2,058
Total expenditures	<u>398,734</u>	<u>359,506</u>	<u>39,228</u>
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	(107,451)	(47,422)	60,029
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	-	-
Operating transfers out	(14,000)	(10,000)	4,000
Total other financing sources (uses)	<u>(14,000)</u>	<u>(10,000)</u>	<u>4,000</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	(121,451)	(57,422)	64,029
FUND BALANCE - APRIL 1	153,957	233,926	79,969
FUND BALANCE - MARCH 31	<u>\$ 32,506</u>	<u>\$ 176,504</u>	<u>\$ 143,998</u>

SPECIAL REVENUE FUNDS

BUDGET AS AMENDED	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ -	\$ -	\$ -
-	-	-
-	-	-
3,500	6,375	2,875
300	231	(69)
-	-	-
<u>3,800</u>	<u>6,606</u>	<u>2,806</u>
-	-	-
20,250	15,928	4,322
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>20,250</u>	<u>15,928</u>	<u>4,322</u>
(16,450)	(9,322)	7,128
14,000	10,000	(4,000)
-	-	-
<u>14,000</u>	<u>10,000</u>	<u>(4,000)</u>
(2,450)	678	3,128
4,203	12,696	8,493
\$ <u><u>1,753</u></u>	\$ <u><u>13,374</u></u>	\$ <u><u>11,621</u></u>

See accompanying notes

HAMLIN TOWNSHIP - EATON COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Township Operations and Fund Types

Hamlin Township is located in Eaton County. The Township operates under an elected Township Board composed of a Supervisor, Clerk, Treasurer and two Trustees, and provides services to its residents in the area of fire protection, cemetery and other general government areas.

REPORTING ENTITY

The Township's combined financial statements include the accounts of all Township operations. The criteria for including organizations as component units within the Township's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Township holds the corporate powers of the organization
- the Township appoints a voting majority of the organization's board
- the Township is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Township
- there is a fiscal dependency by the organization on the Township

Based on the aforementioned criteria, the Township of Hamlin has no component units.

BASIS OF PRESENTATION

The accounts of the government are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

The financial activities of the Hamlin Township are recorded in separate funds and account groups, categorized and described as follows:

HAMLIN TOWNSHIP - EATON COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS

General Fund - This fund is used to account for all financial resources except those provided for in another fund. Revenues are primarily derived from property taxes, State and Federal aid, and charges for services to provide for the administration and operation of the general Township governmental departments. The fund includes the general operating expenditures of the local unit.

Special Revenue Funds - These funds are used to account for specific revenue (other than expendable trusts or major capital projects) derived from State and Federal grants, General Fund appropriations and charges for services which are to be expended for specific purposes as dictated by legal, regulatory or administrative requirements, and include the Cemetery Fund.

FIDUCIARY FUNDS

Trust and Agency Funds - These funds account for assets held by a government unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include Agency Funds, composed of the Current Tax Collection Fund.

ACCOUNT GROUPS

General Fixed Asset Account Group - This Account Group presents the fixed assets of the local unit utilized in its general operations (nonproprietary fixed assets).

Fixed assets used in the general operation of the Hamlin Township are recorded as expenditures when purchased and are accounted for in the General Fixed Assets Account Group. No depreciation is recorded for these general fixed assets. Infrastructure assets, including roads, bridges, drains, curbs, and gutters are not capitalized.

General Long-Term Debt Account Group - This account group presents the balance of general obligation long-term debt which is not recorded in proprietary or trust funds.

B. Basis of Accounting

The modified accrual basis of accounting is used by all Governmental Funds and Agency Funds. Revenue and other sources are recognized in the accounting period in which they become susceptible to accrual-that is when they become both measurable and available to finance expenditures of the fiscal period. Expenditures are recognized when the related liability is incurred. Modifications from the accrual basis are as follows.

HAMLIN TOWNSHIP - EATON COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- a. Properties are assessed and lienied as of December 31 and their related property taxes are billed on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county delinquent tax rolls.
- b. Payments for inventoriable types of supplies are recorded as expenditures at the time of purchase.
- c. Normally, expenditures are not divided between years by the recording of prepaid expenses.

C. Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at year end.

The Township Board meets in a workshop session and prepares an annual budget. The budget is adopted prior to the beginning of the fiscal year. When necessary, the budget is amended.

Budget amounts are as originally adopted, or as amended by the Township Board.

P.A. 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures have been shown on a functional basis. The approved budgets of the Township for these budgetary funds were adopted to the activity level.

During the year ended March 31, 2004, the Township incurred expenditures in excess of the amounts appropriated as follows:

<u>Fund and Activity</u>	<u>Appropriation</u>	<u>Expenditure</u>	<u>Excess</u>
General Fund			
Capital outlay	\$ 35,075	\$ 53,824	\$ 18,749

HAMLIN TOWNSHIP - EATON COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. RISK MANAGEMENT

Hamlin Township is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by insurance purchased from independent insurance companies. Settled claims from these risks have not exceeded insurance coverage for the last 3 fiscal years.

E. USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

NOTE 2 - CHANGES IN GENERAL FIXED ASSETS

	Balance 4/1/03	Additions	Deletions	Balance 3/31/04
Land	\$ 188,512	\$ -	\$ -	\$ 188,512
Buildings	342,896	2,500	-	345,396
Equipment	538,463	48,755	-	587,218
Furniture & fixtures	4,774	2,569	-	7,343
Total	\$ <u>1,074,645</u>	\$ <u>53,824</u>	\$ <u>-</u>	\$ <u>1,128,469</u>

Fixed assets are recorded as expenditures in the general and special revenue funds at the time of purchase. These assets are capitalized at cost in a General Fixed Asset Group of Account, with the exception of assets purchased prior to March 31, 1975. These assets are shown at estimated value at March 31, 1975.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

The amount of interfund receivables and payables are as follows:

Fund	Interfund Receivable	Fund Tax Collection	Interfund Payable
General	\$ <u>4,265</u>		\$ <u>4,265</u>

HAMLIN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

NOTE 4 - TOTAL COLUMN ON COMBINED STATEMENTS - OVERVIEW

The total column on the Combined Statements - Overview is captioned Memorandum Only to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 5 - DUE FROM COUNTY

Eaton County operates a tax revolving fund whereby the County purchases the delinquent real taxes from the Township. Since the amount is readily measurable, it has been recognized as revenue for the year ended March 31, 2004. The amount due from the County as of March 31, 2004 in the General Fund was \$6,243 which consisted of \$4,795 in taxes and \$1,448 of property tax administration fee.

NOTE 6 - DESIGNATED FUND BALANCE

This amount, \$28,563 and \$49,391 at March 31, 2004 and 2003, has been designated by the Township Board for the purchase of Fire Department Equipment.

NOTE 7 - PROPERTY TAXES

Property taxes are assessed and liened December 31st with a levy date of the following December 1st. Collection dates are December 1st through February 14th, after which the taxes are deemed to be delinquent. Taxes are recorded as revenue when they become available and measurable.

The 2003 tax levy was .9014 mills for the General Fund. The taxable value of the 2003 levy was \$71,203,661.

HAMLIN TOWNSHIP - EATON COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

NOTE 8 - CASH DEPOSITS AND INVESTMENTS

Deposits are carried at cost. Deposits are in one financial institution in the name of the Hamlin Township Treasurer. Michigan Compiled Laws, Section 129.91, as amended, authorizes the Township to deposit and invest in the accounts of a state or nationally chartered bank, a state or federally chartered savings and loan association, a savings bank, or a credit union whose deposits are insured by an agency of the U.S. government and which maintains a principal office or branch office in this state under the law of this state or the United States; bonds, securities, and other obligations of the United States, or an agency or instrumentality of the United States in which the principal and interest is fully guaranteed by the United States, including securities issued or guaranteed by the Government National Mortgage Association; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; mutual funds composed of investment by local units of government in Michigan; and commercial paper rated by two standard rating agencies within the three highest classifications, which mature not more than 270 days after the date of purchase, and which involve no more than 50 percent of any one fund.

The Township's deposits are in accordance with statutory authority.

The Governmental Accounting Standards Board (GASB) Statement No. 3 risk disclosure for deposits at year end are as follows:

<u>DEPOSITS</u>	<u>CARRYING AMOUNT</u>	<u>BANK BALANCE</u>
Insured (FDIC)	\$ 109,335	\$ 109,335
Uninsured	66,855	72,938
	<u>\$ 176,190</u>	<u>\$ 182,273</u>

In accordance with GASB Statement 3, investments are classified into three categories of credit risk as follows:

- Category 1: Insured or collateralized with securities held by the Township or its agent in the Township's name.
- Category 2: Collateralized with securities held by the pledging financial institution's trust department or agent in the Township's name.
- Category 3: Uncollateralized (includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the Township's name).

HAMLIN TOWNSHIP - EATON COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

NOTE 8 - CASH DEPOSITS AND INVESTMENTS (Continued)

The Township did not have any investments to be classified as to risk at year end.

	CATEGORY			CARRYING AMOUNT	MARKET VALUE
	1	2	3		
Investment held by:					
None	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

NOTE 9 - LONG TERM DEBT

The general obligation long term debt consists of the following items:

DESCRIPTION	PURPOSE	ORIGINAL AMOUNT AND PAYMENT TERMS	INTEREST RATE	BALANCE DUE MARCH 31, 2004
Bonds payable - issued by Eaton County Road Commission	Road construct- tion Hamlin Township's share of total is 50.18%	Original amount - \$163,057 principal due July 15th, interest due January 15th and July 15th. Annual payments vary from \$36,517 to \$36,656	4.456%	\$ -
Installment loan- Independent Bank	Building addition	Original amount- \$192,808, monthly payments of \$2,140 commencing 2/15/03	5.15%	173,925
				\$ <u>173,925</u>

Changes in long term debt during the year ended March 31, 2004 are as follows:

	Bonds Payable	Installment Loan Payable
Balance April 1, 2003	\$ 35,832	\$ 190,037
New borrowing	-	-
Principal paid	(35,832)	(16,112)
Balance March 31, 2004	\$ <u>-</u>	\$ <u>173,925</u>

HAMLIN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

NOTE 9 - LONG TERM DEBT (Continued)

Total debt payments due in future years are shown below:

<u>Year</u>	<u>Installment Loan Payable</u>
March 31, 2005	\$ 25,680
March 31, 2006	25,680
March 31, 2007	25,680
March 31, 2008	25,680
March 31, 2009	25,680
Thereafter	<u>85,694</u>
	214,094
Less: Interest	<u>(40,169)</u>
Present value of payments	<u>\$ 173,925</u>

NOTE 10 - RETIREMENT PLAN

The Township has a defined contribution retirement plan (Simple IRA) that covers any employee that earns \$400 or more in a calendar year. Employees may voluntarily contribute up to \$8,000 of their annual wage. The Township will match the employees contribution up to 3% of the employee's compensation. The plan is administered by Edward Jones Co. All contributions to the plan are 100% vested. The Township contributed \$1,522 for the fiscal year ending March 31, 2004.

SUPPLEMENTAL INFORMATION

HAMLIN TOWNSHIP - EATON COUNTY
GENERAL FUND
STATEMENT OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET AS AMENDED	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
TAXES:			
Property taxes	\$ -	\$ 64,549	\$ -
Property tax administration	-	19,456	-
TOTAL TAXES	<u>78,300</u>	<u>84,005</u>	<u>5,705</u>
LICENSES AND PERMITS:			
Franchise fees	<u>600</u>	<u>628</u>	<u>28</u>
STATE GRANTS:			
State shared revenues	<u>203,000</u>	<u>201,771</u>	<u>(1,229)</u>
CHARGES FOR SERVICES:			
Fees	-	914	-
Dog License fees	-	327	-
Special assessment	-	1,685	-
Fire runs	-	4,800	-
Fire protection contract	-	3,000	-
TOTAL CHARGES FOR SERVICES	<u>5,000</u>	<u>10,726</u>	<u>5,726</u>
INTEREST AND RENTALS:			
Interest	<u>100</u>	<u>911</u>	<u>811</u>
OTHER REVENUE			
Reimbursements	-	6,386	-
Donations	-	7,657	-
TOTAL OTHER REVENUE	<u>4,283</u>	<u>14,043</u>	<u>9,760</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ <u>291,283</u>	\$ <u>312,084</u>	\$ <u>20,801</u>

HAMLIN TOWNSHIP - EATON COUNTY
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET AS AMENDED	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
LEGISLATIVE			
Trustee wages	\$ -	\$ 4,020	\$ -
Social security & medicare	-	5,370	-
Pension contribution	-	1,522	-
Office supplies	-	1,808	-
Postage	-	805	-
Audit	-	2,600	-
Legal	-	1,787	-
Professional services	-	11,500	-
Printing & publishing	-	550	-
Memberships & dues	-	1,591	-
Seminars	-	2,722	-
Refunds	-	3,488	-
TOTAL LEGISLATIVE	45,700	37,763	7,937
GENERAL GOVERNMENT			
Supervisor			
Salary	-	8,200	-
Mileage	-	247	-
Total Supervisor	8,500	8,447	53
Elections			
Wages	-	856	-
Supplies	-	138	-
Voter machine setup	-	-	-
Mileage	-	51	-
Printing & publishing	-	221	-
Total Elections	4,400	1,266	3,134
Assessor			
Wages	-	16,000	-
Supplies	-	1,202	-
Postage	-	1,904	-
Professional services	-	195	-
Mileage	-	174	-
Certificate	-	50	-
Total Assessor	21,450	19,525	1,925

HAMLIN TOWNSHIP - EATON COUNTY
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET AS AMENDED	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
GENERAL GOVERNMENT (Continued)			
Clerk			
Salary	\$ -	\$ 16,000	\$ -
Deputy wages	-	756	-
Supplies	-	735	-
Professional services	-	127	-
Mileage	-	221	-
Total Clerk	<u>18,750</u>	<u>17,839</u>	<u>911</u>
Board of Review			
Wages	-	1,220	-
Printing & publishing	-	513	-
Total Board of Review	<u>2,050</u>	<u>1,733</u>	<u>317</u>
Treasurer			
Salary	-	20,500	-
Deputy wages	-	3,180	-
Supplies	-	276	-
Mileage	-	100	-
Total Treasurer	<u>24,150</u>	<u>24,056</u>	<u>94</u>
Townhall			
Maintenance manager wages	-	645	-
Supplies	-	38	-
Contract cleaning	-	1,483	-
Contract lawn care	-	1,925	-
Driveway expenses	-	785	-
Flags	-	337	-
Insurance	-	8,615	-
Electricity	-	1,811	-
Heat	-	1,169	-
Water conditioning	-	173	-
Telephone	-	1,561	-
Repair & maintenance	-	2,039	-
Trash removal	-	550	-
Total Townhall	<u>27,550</u>	<u>21,131</u>	<u>6,419</u>
TOTAL GENERAL GOVERNMENT	<u>106,850</u>	<u>93,997</u>	<u>12,853</u>

HAMLIN TOWNSHIP - EATON COUNTY
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004

	<u>BUDGET AS AMENDED</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
PUBLIC SAFETY			
Fire Protection			
Wages	\$ -	\$ 43,114	\$ -
Social security & medicare	-	3,101	-
Office supplies	-	926	-
Supplies	-	3,131	-
Fuel	-	848	-
Physicals	-	1,123	-
Printing & publishing	-	90	-
Insurance	-	16,432	-
Electricity	-	1,811	-
Heat	-	1,169	-
Telephone	-	1,365	-
Repair & maintenance - building	-	3,779	-
Fleet repair & maintenance	-	7,264	-
Equipment repair & maintenance	-	3,908	-
Memberships & dues	-	495	-
Seminars	-	2,068	-
Public education	-	946	-
Unclassified	-	7,617	-
TOTAL PUBLIC SAFETY	<u>116,250</u>	<u>99,187</u>	<u>17,063</u>
PUBLIC WORKS			
Drains at Large	-	11,589	-
Roads	-	-	-
TOTAL PUBLIC WORKS	<u>12,000</u>	<u>11,589</u>	<u>411</u>
CULTURE AND RECREATION			
Parks	<u>1,000</u>	<u>810</u>	<u>190</u>
OTHER			
Contingency	-	-	-
TOTAL OTHER	<u>17,409</u>	<u>-</u>	<u>17,409</u>
CAPITAL OUTLAY	<u>35,075</u>	<u>53,824</u>	<u>(18,749)</u>
DEBT SERVICE			
Principal	-	51,944	-
Interest	-	10,392	-
TOTAL DEBT SERVICE	<u>62,450</u>	<u>62,336</u>	<u>114</u>
TOTAL EXPENDITURES	<u>\$ 396,734</u>	<u>\$ 359,506</u>	<u>\$ 37,228</u>

HAMLIN TOWNSHIP - EATON COUNTY
CEMETERY FUND
STATEMENT OF REVENUES AND OTHER FINANCING SOURCES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004

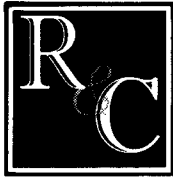
	BUDGET AS AMENDED	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Charges for Services:			
Lot sales	\$ -	\$ 2,275	\$ -
Burials	-	4,100	-
Total Charges for Services	<u>3,500</u>	<u>6,375</u>	<u>2,875</u>
Interest	<u>300</u>	<u>231</u>	<u>(69)</u>
Total Revenues	<u>3,800</u>	<u>6,606</u>	<u>2,806</u>
EXPENDITURES			
General Government			
Dirt and gravel	-	300	-
Grave openings	-	4,100	-
Lawn care	-	8,800	-
Driveway care	-	200	-
Flags	-	250	-
Electricity	-	98	-
Repair and maintenance	-	1,825	-
Other	-	355	-
Capital Outlay	-	-	-
Total Expenditures	<u>20,250</u>	<u>15,928</u>	<u>4,322</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(16,450)</u>	<u>(9,322)</u>	<u>7,128</u>
OTHER FINANCING SOURCES			
Operating transfers in	<u>14,000</u>	<u>10,000</u>	<u>(4,000)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	<u>(2,450)</u>	<u>678</u>	<u>3,128</u>
FUND BALANCE - April 1	<u>4,203</u>	<u>12,696</u>	<u>8,493</u>
FUND BALANCE - MARCH 31	\$ <u><u>1,753</u></u>	\$ <u><u>13,374</u></u>	\$ <u><u>11,621</u></u>

HAMLIN TOWNSHIP - EATON COUNTY
GENERAL FIXED ASSET GROUP OF ACCOUNTS
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
FOR THE YEAR ENDED MARCH 31, 2004

	BALANCE 3/31/03	ADDITIONS	DISPOSALS	BALANCE 3/31/04
Land - Smithville Dam	\$ 40,000	\$ -	\$ -	\$ 40,000
Land - Cemetery	34,447	-	-	34,447
Land - Fire Hall	114,065	-	-	114,065
Total Land & Improv.	<u>188,512</u>	<u>-</u>	<u>-</u>	<u>188,512</u>
Building - Fire Hall	341,896	2,500	-	344,396
Building - Cemetery	1,000	-	-	1,000
Total Buildings	<u>342,896</u>	<u>2,500</u>	<u>-</u>	<u>345,396</u>
Office equipment	36,380	4,493	-	40,873
Fire department equipment	489,269	44,262	-	533,531
Cemetery equipment	1,262	-	-	1,262
Voting machines	11,552	-	-	11,552
Total Equipment	<u>538,463</u>	<u>48,755</u>	<u>-</u>	<u>587,218</u>
Furniture & fixtures	<u>4,774</u>	<u>2,569</u>	<u>-</u>	<u>7,343</u>
	<u>\$ 1,074,645</u>	<u>\$ 53,824</u>	<u>\$ -</u>	<u>\$ 1,128,469</u>

HAMLIN TOWNSHIP - EATON COUNTY
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED MARCH 31, 2004

CURRENT TAX COLLECTION FUND				
	<u>BALANCE</u> <u>4/1/03</u>	<u>ADDITIONS</u>	<u>DISPOSALS</u>	<u>BALANCE</u> <u>3/31/04</u>
ASSETS				
Cash	\$ <u>8,841</u>	\$ <u>1,802,503</u>	\$ <u>1,807,079</u>	\$ <u>4,265</u>
LIABILITIES				
Due to other funds	\$ 8,841	\$ 74,621	\$ 79,197	\$ 4,265
Due to County	-	863,661	863,661	-
Due to Schools	-	856,668	856,668	-
Refunds	<u>-</u>	<u>7,553</u>	<u>7,553</u>	<u>-</u>
	\$ <u>8,841</u>	\$ <u>1,802,503</u>	\$ <u>1,807,079</u>	\$ <u>4,265</u>



ROBERTSON & CARPENTER, LLP

CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 308 • 109 E. Tenth St. • Mio, Michigan 48647

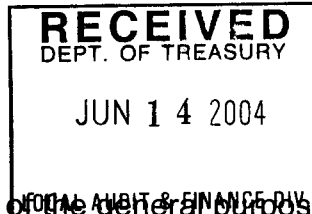
Phone (989) 826-5442 • Fax (989) 826-3038

Other office: Rose City, Michigan

Robert J. Carpenter, CPA
Rodney C. Robertson, CPA

May 25, 2004

Township Board
Township of Hamlin
Eaton Rapids, MI 48827



In planning and performing our audit of the general purpose financial statements of Hamlin Township, Eaton County, Michigan, for the year ended March 31, 2004, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control. However, we noted certain matters involving internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect Hamlin Township's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

We noted that the General Fund general ledger was not in balance at March 31, 2004. This needs to be balanced on a monthly basis as it is an integral part of the control system. The Township has purchased computer software to handle the general ledger, we suggest this software be utilized as soon as possible.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that errors of fraud in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, none of the reportable conditions described above is believed to be a material weakness. These conditions were considered in determining the nature, timing, and extent of the audit tests applied in our audit of the March 31, 2004 general purpose financial statements, and this report does not affect our report on those general purpose financial statements dated March 31, 2004. We have not considered the internal control since the date of our report.

This report is intended solely for the information and use of the Hamlin Township Board, management and others within the Michigan Department of Treasury, and is not intended to be and should not be used by anyone other than these specified parties.

Robertson & Carpenter, LLP

Robertson & Carpenter, LLP
Certified Public Accountants